



## Hot issues

### TCP Code Review: Consumers must come first

9 July, 2018

Over the past 10 months ACCAN has been representing consumers on an industry working committee reviewing the [Telecommunications Consumer Protections \(TCP\) Code](#). We have consulted broadly with our members to ensure that the consumer voice is heard and worked closely with Legal Aid NSW, the other consumer representative on the Committee. A draft of the amended Code is now out for public comment.

The Code is important because it sets out rules for how telcos must deal with their customers. It covers sales, customer service, contracts, billing, credit and debt management, financial hardship, and transfers between providers. It is a key component of the consumer protection framework for the telecommunications industry. This is especially the case now, in light of the significant [rise in complaints](#) to the Telecommunications Industry Ombudsman (TIO), and the rollout of the National Broadband Network (NBN) that is causing significant confusion and frustration for consumers.

The review comes at a time of heightened awareness of consumer detriment caused by inappropriate selling, inadequate credit assessments and unsympathetic handling of customers in financial crisis. Similar issues have also been brought under the microscope by the Financial Services Royal Commission which has uncovered these practices in the finance sector. The 2017 [Rank the Telco](#) report identified a number of these concerns in the telecommunications sector from the perspective of financial counsellors.

There has been mounting pressure from government, regulatory bodies and consumers for the telco industry to improve across a number of key consumer-facing practices. This has resulted in the Complaints Handling chapter being removed from the Code and turned into an [ACMA Standard](#), allowing stronger oversight by the regulator. There are still significant issues in the industry regarding customer service, sales practices, billing, accessibility, credit assessment and financial hardship. Our work in the TCP Code review has primarily focused on promoting stronger protections for consumers in these areas. We are pleased that industry has agreed to some positive changes, but there is still room for improvement. Here are our outstanding concerns:

## **Billing**

Billing is a common area of frustration for telecommunications consumers. In the 2016-17 financial year the Telecommunications Industry Ombudsman found this was an issue in 66,142 complaints, amounting to almost 42% of all complaints for the year. Issues we've identified of concern are add on charges such as having to pay to receive a paper bill, and being charged to pay by a method other than direct debit. We also believe usage and billing information could be clearer, and that better protections should be introduced to reduce bill shock from unexpected third party and excess data charges.

## **Customer service**

The consumer experience of customer service in the telecommunications industry is very poor. It was the most complained about issue to the TIO in 2016-2017, reported in 48.7% (76,932) of all complaints. The Code could better serve consumers in this area by having tighter and more concrete obligations that support efficient and courteous customer service and the provision of accurate information.

ACCAN will shortly be releasing research that provides insight into the customer service provided by the industry. This research reveals that wait times, record-keeping, complaints handling, and knowledge of staff, along with many other elements of customer service, are failing to meet consumer needs.

## **Selling practices**

Telecommunications products can be complicated and very confusing for consumers, particularly in the case of bundles where several services (for example mobile, home internet, devices and home phone) are packaged and billed under the one contract. Alongside this, we hear cases of sales representatives using pushy sales tactics to upsell products. For some consumers, this can result in financial over-commitment, and purchasing products that are not suited to their needs. Some vulnerable consumers do not have the capacity to properly comprehend the financial responsibility of a telecommunications contract, or in instances of domestic violence, may be forced into purchasing products for others in their name.

We'd like to see the industry adopt a more ethical and consumer-oriented approach to sales practices. This requires aligning sales incentives with positive customer outcomes, and puts a greater onus on Telcos to enquire about a consumer's needs and circumstances, to ensure they are selling appropriate products to customers.

## **Credit assessment**

Credit assessment is a difficult area, but when expensive devices and significant ongoing financial commitment are involved, it is important that this is done sensitively and properly. We'd like to see the customer's interests taken into account upfront, so that credit assessments reduce situations where a consumer is unable to meet the ongoing financial obligations of the post-paid service they are purchasing.

Currently, the draft Code only includes an explicit obligation for telcos to check the payment history of existing customers who want to upgrade/add services to their plan. A guidance box has also been added to list the possible ways an RSP may conduct a credit assessment for new customers. However this box has no standing as it is not enforceable and many of the options are irrelevant to a consumer's capacity to pay. This leaves too much to the discretion of the sales representative. Requirements should be introduced that allow for a realistic assessment of the affordability of the product for the consumer and their capacity to pay. These measures should include proof of income and credit rating, in addition to payment history with the provider (where applicable) as a starter.

We'd also like to see sales staff better equipped to handle these situations, to assist them to identify, where possible, signs of vulnerability that may impact the consumer's capacity to pay.

### **Financial hardship**

Some consumers find themselves facing either temporary or long-term financial problems that mean they are unable to meet bill deadlines. It has recently been reported that in Australia the default rate on telco bills is higher than any other type of bill.<sup>1</sup> Consumers facing telco debt are also doing all they can to stay connected, showing how essential telecommunications services are to consumers. This also highlights that, alongside greater protections at point of sale to ensure consumers are being matched appropriately to services, telcos need to have strong financial hardship policies in place. Financial hardship can arise due to a number of reasons and each case should be treated with fairness and empathy with a resolution appropriate to the consumers' needs and severity of financial hardship.

We would like to see stronger obligations in the Code to require telcos to have flexible, easy to access financial hardship policies that recognise a broad range of circumstances as contributing to financial hardship. Financial counsellors report instances of considerable difficulties in their dealings with telcos in getting fair payment resolutions appropriate to the consumer's needs. They ranked the industry poorly for hardship practices in the [Rank the Telco](#) report with a top score of 4/10, worse than rankings given to banking, other utilities and even debt collection industries.

ACCAN and Legal Aid have successfully advocated for an amended definition of financial hardship in the Code that provides more flexibility, and for a new financial hardship chapter. However, we would like to see explicit provisions included that set out the range of options that should be offered to consumers as elements of a financial hardship policy.

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<sup>1</sup> Barrymore, K 2018, 'Growth in telco bill defaults' The Daily Telegraph, June 12

## **Accessibility**

The Code should better support people with disability by requiring telcos to give information about the accessibility features of the products and services they sell. Currently, the requirement is for telcos to only provide information about products designed for consumers with disability, such as teletype writers for deaf consumers. However, handsets and tablets have a variety of accessibility features that may be suited to people with disability. Consumers rely on such information to choose products that are best for them and offer features that enhance their usability for different disabilities.

ACCAN considers the Code should include a requirement that telcos provide information about the accessibility features of all the products they sell.

## **Have your say**

These are ACCAN's key priorities for the Code review. If you would like to see the TCP Code improved to offer more robust consumer protection, then you can have your say via the Communications Alliance' [website](#).

We're interested to hear your thoughts and feedback. Comment below or contact us with questions or for more information on:

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